CAMBRIDGE BANCORP

INTERIM REPORT
September 30, 2012

CAMBRIDGE BANCORP

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617-876-5500

October 16, 2012

To the Stockholders of Cambridge Bancorp:

Net income for the quarter ending September 30, 2012 was $3,664,000 compared to $3,286,000 for the quarter ending September 30, 2011. The 11.5% earnings increase resulted from a continued uptrend in net interest income combined with a significant increase in non-interest income in the third quarter of 2012 when compared to the same quarter in 2011. Year-to-date net income of $10,400,000 was $833,000 (8.7%) higher than for the first nine months of 2011.

Through the third quarter of 2012, Cambridge Trust continued to generate deposit growth. Since the beginning of the year, deposits have grown $94 million, mostly core deposits. Loan growth of $51 million this year, primarily commercial real estate and residential mortgage loans, absorbed much of the increase in deposits, with the remainder directed to investment securities. With investment security yields at historically low levels, considerable pressure was placed on the Bank's net interest margin, which was 3.47% in this most recent quarter, compared to 3.94% in the third quarter of 2011. We do not anticipate a change in the interest rate environment for some time.

Non-performing loans were $1.6 million on September 30, 2012 compared to $1.1 million at the end of the prior quarter. The Allowance for Loan Losses was $11.0 million or 1.51% of total loans.

The most recent quarter's performance benefitted from strong growth in non-interest income, which increased $975,000 (20.9%) to $5.6 million in the third quarter of 2012 compared to the same quarter in 2011. The Bank's Wealth Management business accounted for a significant portion of the upswing. In addition, Cambridge Trust's recent participation in the secondary market for the sale of 30-year conforming mortgages produced a new and growing source of revenue in 2012. Gains from the sale of investment securities were also higher by $220,000 in this quarter compared to the third quarter in 2011.

In the fourth quarter we will open Cambridge Trust's twelfth branch, located in Boston's South End. This is a growing and dynamic neighborhood which we think will appreciate a customer-centric banking experience offered by an active and engaged community bank.

We look forward to reporting further on Cambridge Trust's newest expansion, as well as on other growth initiatives across the Bank.

Very truly yours,

Joseph V Roller II

Joseph V. Roller II
President and CEO

CAMBRIDGE BANCORP

UNAUDITED QUARTERLY RESULTS

September 30, 2012

Dollar amounts in thousands (except share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	**2012**	2011
Interest Income	**$ 11,926**	$ 11,923	**$ 36,739**	$ 35,472
Interest Expense	**737**	964	**2,480**	2,962
Net Interest Income	**11,189**	10,959	**34,259**	32,510
Provision for Loan Losses	**150**	250	**700**	750
Non-Interest Income	**5,634**	4,659	**15,273**	13,829
Non-Interest Expense	**11,294**	10,566	**33,630**	31,528
Income Before Taxes	**5,379**	4,802	**15,202**	14,061
Income Taxes	**1,715**	1,516	**4,802**	4,494
Net Income	**$ 3,664**	$ 3,286	**$ 10,400**	$ 9,567
Data Per Common Share:				
Basic Earnings Per Share	**$ 0.95**	$ 0.86	**$ 2.71**	$ 2.53
Diluted Earnings Per Share	**$ 0.94**	$ 0.85	**$ 2.69**	$ 2.49
Dividends Declared Per Share	**$ 0.37**	$ 0.35	**$ 1.11**	$ 1.05
Avg. Common Shares Outstanding:				
Basic	**3,846,680**	3,802,297	**3,835,733**	3,788,198
Diluted	**3,883,673**	3,849,605	**3,872,186**	3,834,685
Selected Operating Ratios:				
Net Interest Margin	**3.47%**	3.94%	**3.59%**	3.95%
Return on Average Assets, after taxes	**1.08%**	1.11%	**1.04%**	1.10%
Return on Average Equity, after taxes	**14.49%**	13.63%	**14.01%**	13.76%

	September 30, 2012	December 31, 2011	September 30, 2011
Total Assets	**$1,365,679**	$1,275,860	$1,202,191
Total Loans	**724,216**	673,265	649,916
Non-Performing Loans	**1,591**	1,204	1,078
Allowance for Loan Losses	**10,951**	10,159	9,923
Allowance to Non-Performing Loans	**688.26%**	844.09%	920.50%
Allowance to Total Loans	**1.51%**	1.51%	1.53%
Total Deposits	**1,219,215**	1,125,654	1,057,343
Total Stockholders' Equity	**103,888**	96,633	98,019
Book Value Per Share	**$ 26.99**	$ 25.39	$ 25.80
Tangible Book Value Per Share	**$ 26.88**	$ 25.28	$ 25.68

The accompanying unaudited interim financial information should be read in conjunction with the supplemental financial and operating information for the third quarter of 2012 and the audited consolidated financial statements and notes thereto included in the Cambridge Bancorp 2011 Annual Report, which are posted in the investor relations section of our website at www.cambridgetrust.com. Interim results are not necessarily reflective of the results for the entire year.

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